

## Message Text

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ACTION OPIC-06

INFO OCT-01 EA-06 ISO-00 EB-07 /020 W

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R 021000Z JUN 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 4032

C O N F I D E N T I A L MANILA 7514

E.O. 11652: GDS

TAGS: EINV, RP

SUBJECT: BANK OF AMERICA INSURANCE APPLICATION 492-75-363

B.A. LEPANTO

REF: STATE 114741

1. BANK OF AMERICA LOCAL REP ARTKO INFORMED EMBASSY THAT AS OF MAY 19 THE FGA HAD NOT BEEN ISSUED. ARTKO EXPLAINED THAT THE NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY WAS AWAITING FINAL APPROVAL BY PHILIPPINE MONETARY BOARD TO THE INVESTMENT. ARTKO DID, HOWEVER, INDICATE THAT NEDA HAD GIVEN HIM ASSURANCE OF ITS "APPROVAL IN PRINCIPLE" TO THE INVESTMENT FOR INSURANCE PURPOSES.

2. WHAT B OF A PROPOSES TO DO IS TO PROVIDE \$6.5 MILLION WHICH WOULD REPRESENT 40 PERCENT OF THE EQUITY OF A CORPORATION THAT WOULD CONSTRUCT, OWN AND MANAGE A 20 STORY OFFICE BUILDING IN MAKATI, RIZAL. B OF A WOULD OCCUPY SEVERAL FLOORS OF THE BUILDING AS ITS HEAD OFFICE IN THE PHILIPPINES. THE REMAINDER WOULD BE RENTED COMMERCIALY TO TOHER BUSINESS ENTERPRISES.

3. THE INVESTMENT WOULD TAKE THE FORM OF CASH PAYMENTS OVER THE TWO YEAR CONSTURCTION PERIOD TO A TOTAL OF \$6.5 MILLION. THE PESO EQUIVALENT OF THE INVESTMENT WOULD BE HELD BY THE MANILA BRANCH OF B OF A IN A "NET DUE TO HEADQUARTERS" ACCOUNT.

4. B OF A RECENTLY INCREASED THE CAPITALIZATION OF ITS  
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MANILA BRANCH BY \$17 MILLION WHILE AT THE SAME TIME THE

BANK INVESTED \$3 MILLION IN A BANK NOW KNOWN AS THE  
INSULAR BANK OF ASIA AND AMERICA. B OF A HAS INSURED  
BOTH INVESTMENTS WITH OPIC.

5. THE INSULAR BANK OF ASIA AND AMERICA IS ALSO PRESENTLY  
CONSTRUCTING A NEW HEADQUARTERS BUILDING IN MAKATI, RIZAL.  
B OF A WILL NOT OCCUPY ANY OF THE SPACE.

6. EMBASSY DOES NOT BELIEVE THAT OPIC INSURANCE OF PROPOSED  
INVESTMENT WILL CONTRIBUTE IN SIGNIFICANT WAY TO PHILIPPINE  
DEVELOPMENT. WHILE OF SOME SUPPORT TO B OF A'S BANKING  
ACTIVITIES IN THE PHILIPPINES, INVESTMENT IS NOT ESSENTIAL  
TO THEM. OPIC SUPPORT TO REAL ESTATE INVESTMENT,  
MOREOVER, INVOLVES AGENCY OF U.S. GOVERNMENT DIRECTLY IN  
FOREIGN OWNERSHIP OF REAL ESTATE, A MOST SENSITIVE ISSUE  
IN U.S.-PHILIPPINE ECONOMIC RELATION. ACCORDINGLY, EMBASSY  
RECOMMENDS THAT OPIC DISAPPROVE B OF A'S APPLICATION FOR  
INSUREANCE.

7. COMMENT: DEPARTMENT SHOULD BE AWARE AND WILL WISH  
TO INFORM OPIC THAT B OF A HAS NOT, REPEAT NOT TAKEN  
ACTION TO ADJUST TITLE TO ITS REAL ESTATE. AS A SENIOR  
B OF A OFFICIAL HAS INFORMED THE CHARGE, B OF A DOES  
NOT BELIEVE GOP WILL TAKE ANY ACTION AGAINST THEM;  
FIRM, THEREFORE, HAD DECIDED TO CONTINUE 100 PERCENT OWNERSHIP  
OF AT LEAST A CHOICE FORBES PARK RESIDENCE. THIS ATTITUDE  
IS BOUND TO INVITE CRITICISM AND VERY LIKELY A GOP  
COUNTER. ASIDE FROM GENERAL OBJECTIONS TO INSUREANCE OF  
A REAL ESTATE VENTURE, EMBASSY BELIEVES THAT B OF A  
ATTITUDE CAUTIONS OPIC NOT, REPEAT NOT TO PROCEED. PURNELL

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## Message Attributes

**Automatic Decaptioning:** X  
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